



Washington State  
Transportation Commission

# TRANSPORTATION 101

## Moving People and Goods

Spring 2015



# What is the statewide transportation system?

- 18,046 miles of city streets
- 39,748 miles of county roads and seven county ferries
- Over 7,000 miles of state highways and 22 ferries
- 465 miles of Columbia-Snake River barge transport
- Reservation roads, DNR and Forest Service roads
- 31 transit agencies
- 75 port districts in 33 of 39 counties
- Sidewalks and bike paths
- Over 5.5 million licensed passenger vehicles, trucks and motorcycles
- Amtrak, Sounder, Link light rail, streetcars
- Freight trains and trucking companies
- Airlines and maritime shipping lines
- Bicycles



# The Past



## Federal

- 90% of the Interstate System was built with federal gas tax money.
- Congress last increased the federal gas tax to 18.4 cents per gallon in 1993.

## Washington State

- Tacoma Narrows Bridge, both Lake Washington floating bridges, the I-5 bridge between Vancouver and Portland, all were toll bridges.
- State gas tax increases in 2003 and 2005 were bonded to build capital projects.
- Puget Sound ferries were privately owned and operated until the state bought 16 vessels and 20 terminals in 1951.
- State gas tax as a percent of retail price of gas has steadily declined from about 25% in the 40s, 50s and 60s to 10% today.

## Local

- Sales tax revenue is the primary fund source for city streets and most transit systems.
- Property tax revenue is the primary fund source for county roads.

# The Present

## Federal

- Since 2008, over \$65 billion transferred from general fund to Highway Trust Fund and Mass Transit Fund.
- Highway Trust Fund is projected to be insolvent in summer 2015.

## State

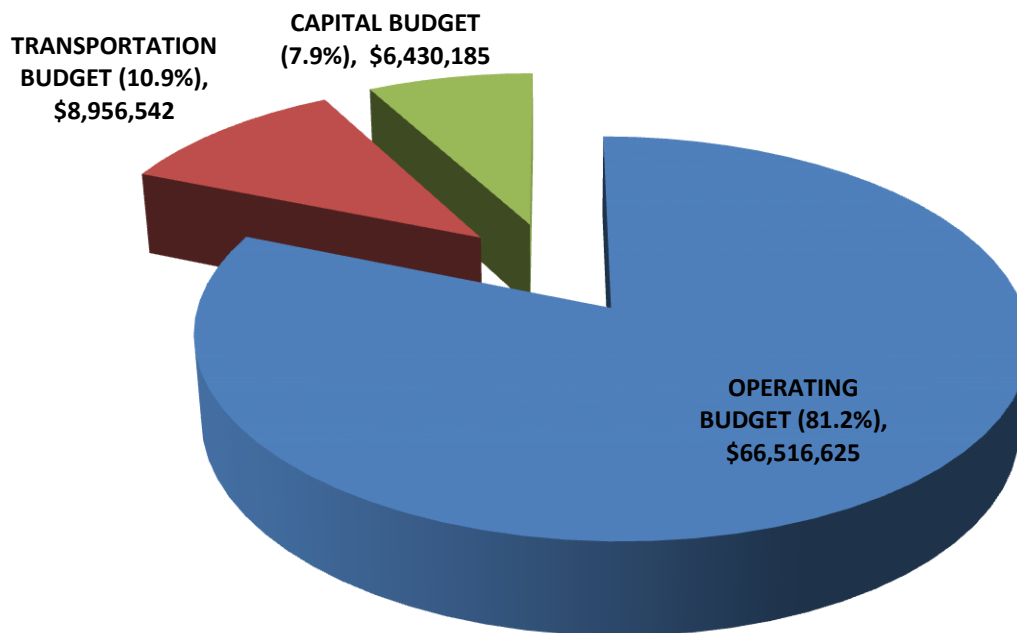
- 2013-15 Washington State Transportation Budget: \$8.956 billion for the biennium.
- Tolling is generating revenue to build a new SR 520 bridge across Lake Washington and pays most of the construction cost for the Tacoma Narrows Bridge.

## Local

- Over \$3 billion annual county, city and transit investment statewide.



# Transportation Infrastructure is Less Than 11% of the 2013 -15 State Budget\*



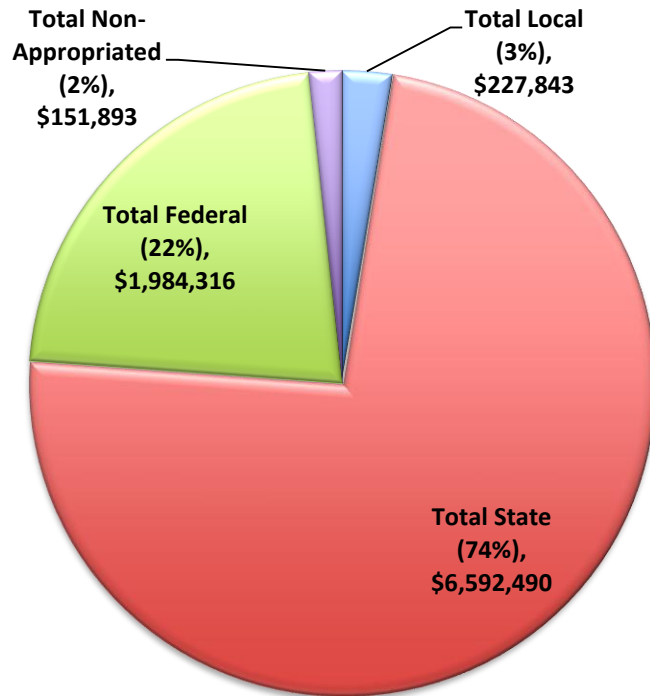
Source: [fiscal.wa.gov](http://fiscal.wa.gov)

2013-15 State Budget -- \$81.9 Billion

\* Not all of the Transportation Budget builds infrastructure or moves people and goods. It also includes funding for the Washington State Patrol, the Department of Licensing and other transportation agencies.

# Where Does State Transportation Revenue Come From?

**2013-2015 Enacted Transportation Budget = \$8.956 billion**



- Federal gas tax = 18.4¢ per gallon.
- State gas tax = 37.5¢/gallon.
- State car and truck weight fees.
- Ferry fares generate \$328 million and pay for 65% to 70% of operating costs.

Source: [fiscal.wa.gov](http://fiscal.wa.gov)



# The Present:

## Local Transportation Revenue

- 70% of cities' transportation funding comes from local revenue sources, primarily from sales tax.
- About 62% of counties' transportation funding is locally generated, primarily from the county road share of the property tax.
- 11% of cities' and counties' transportation revenue is federal funds.
- 19% of cities' transportation revenue and 27% of counties' comes from the state
  - 2.96¢ of state gas tax is distributed to cities
  - 4.92¢ of state gas tax is distributed to counties
- Local transit service revenue typically comes from:
  - Locally-approved sales tax
  - Fare box receipts
  - Federal grants
- Port revenue comes from user fees, leases, property tax and grants.



# The Present:

## Your transportation spending

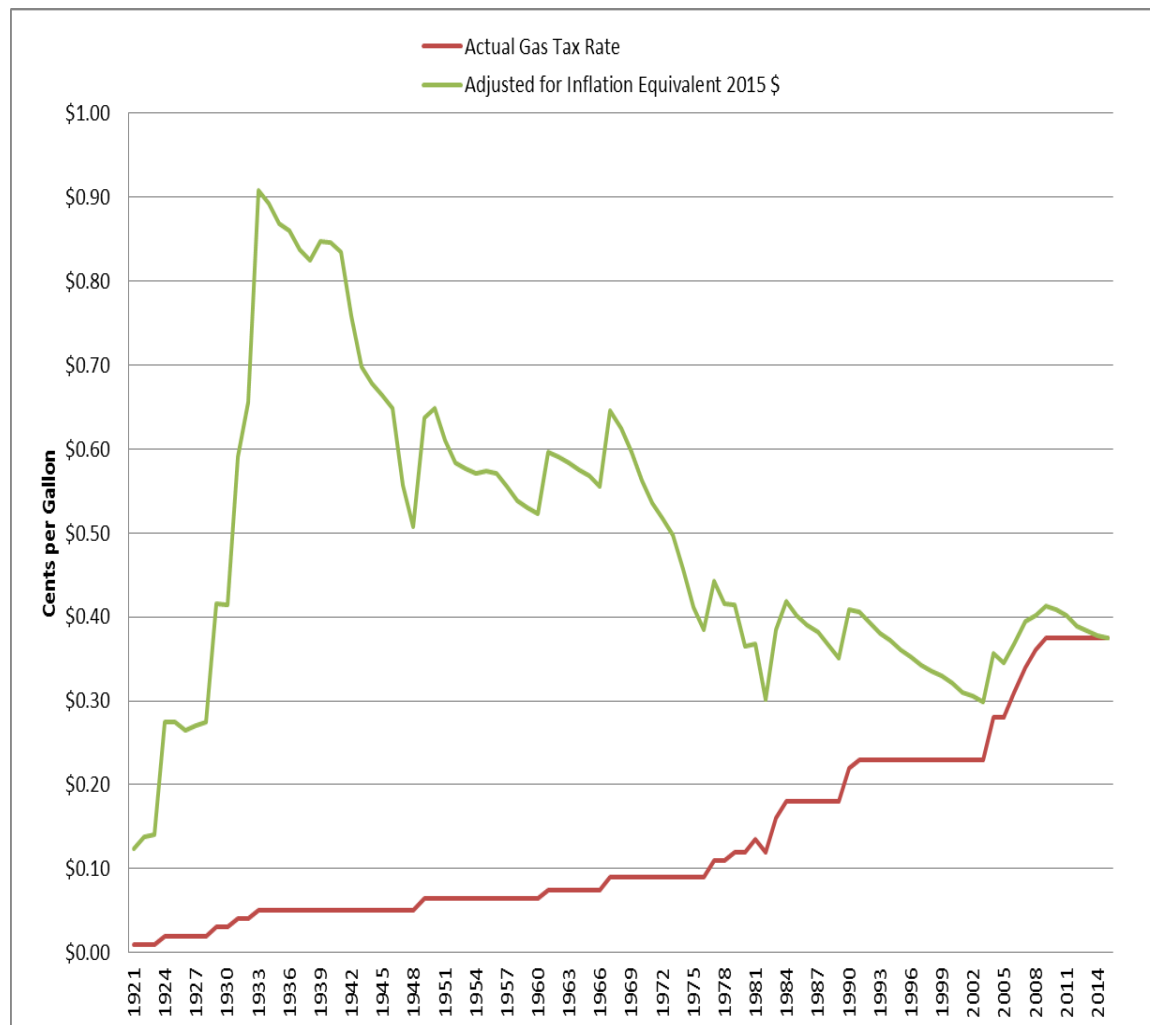
- In 2012, Washington citizens and businesses spent over \$17.3 billion on gasoline and other transportation fuel.
- In 2013, new car and truck sales in the state exceeded \$13.2 billion.
- Washington citizens and businesses spend about 4 times as much on transportation as state and local government does.
- The average Washington household spends \$3,250 – \$4,400 annually on vehicle fuel, compared to \$607 for home heating.
- Average state and federal gas tax paid by a household annually is \$559 - \$669.





# WA State Gas Tax Rate Adjusted for Inflation

- The gas tax is levied as a fixed amount per gallon, so it:
  - does not rise and fall with the price of fuel
  - does not keep pace with inflation
- Since the 1930s, the real gas tax rate has declined steeply from its high point of nearly 90 cents per gallon in today's dollars.
- The largest real value contribution from tax payers was during the 1930s.



# Gas Tax Breakdown

**37½¢** per-gallon Washington state gas tax rate as of July 1, 2008



**-9½¢** 261 specific transportation projects statewide\*  
(2005 Transportation Partnership Projects)



**-5¢** 160 specific transportation projects statewide  
(2003 Nickel Package projects)

Funded 421  
projects,  
10,000 jobs  
annually

**23¢** Base gas tax



**-11¢** Supports **cities and counties** for local roads



**-4¢** Supports debt service to reduce **bond debt** that  
funded past highway and ferry projects



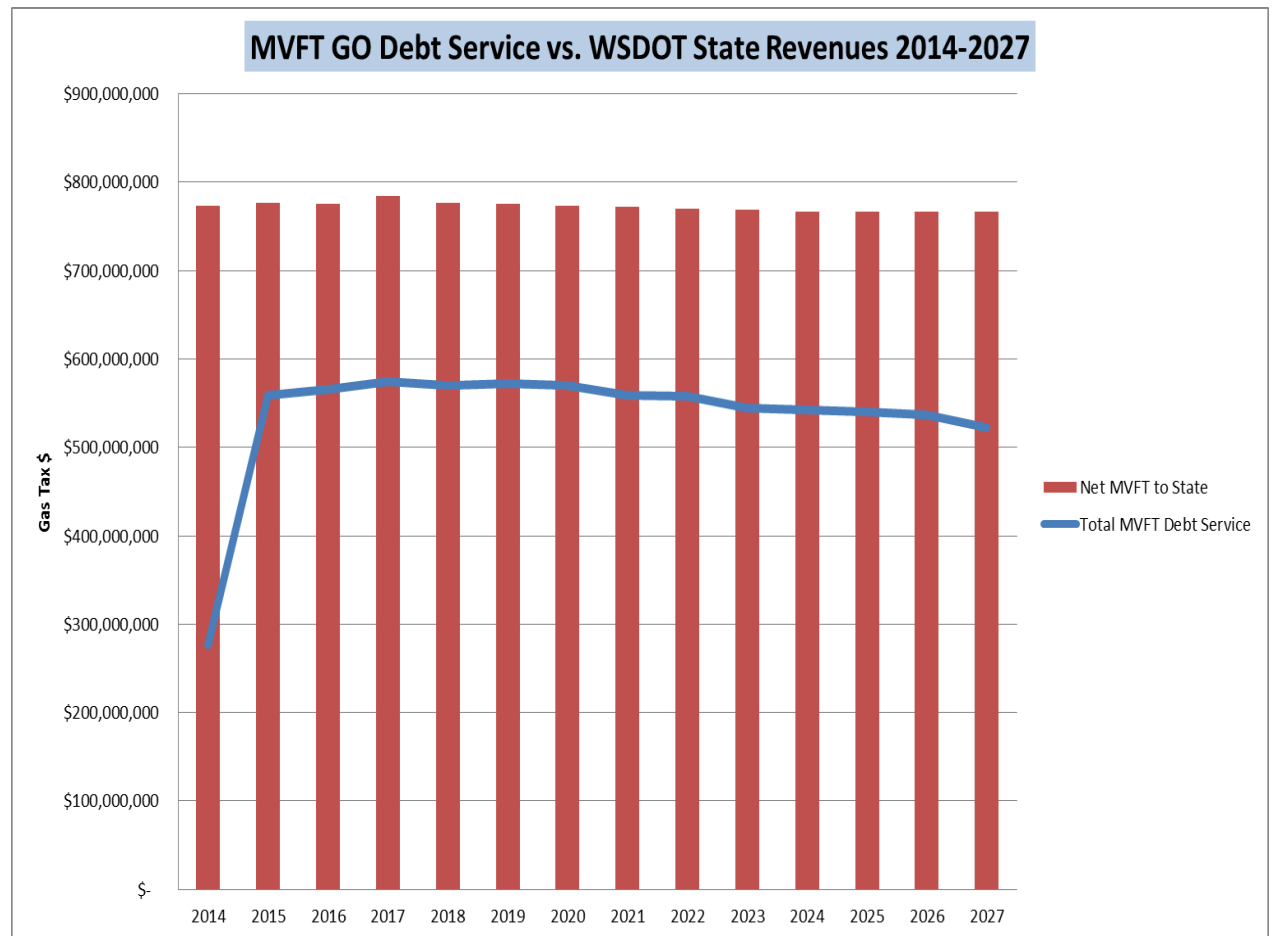
**8¢** Remains for maintenance and operations, as  
well as preservation, safety improvements and  
congestion-relief projects for state highways  
and ferries

The 14.5 cents has  
been fully bonded  
against – all the  
revenue generated  
goes to pay for the  
identified projects  
and the 30-year  
debt for those  
projects.



# WA State Gas Tax Revenue Obligations

Over the next decade approximately **70%** of the State's net portion of motor vehicle fuel tax revenue is obligated to pay debt service for projects completed in the past 10 years or currently near completion.



# What does the Future Bring?

## Washington is at a transportation funding crossroads.

- Transportation infrastructure is aging. Statewide, over \$175 billion in transportation system investments are needed in the next 20 years.
- Long-term needs vs. short-term revenue solutions.
- Population to grow by 21% in the next two decades.
- A fixed fuel tax, primary source of transportation revenue, doesn't keep pace with increases in transportation costs.
- Debt service payments are absorbing most of the fuel tax revenue, leaving less money for on-going expenses.

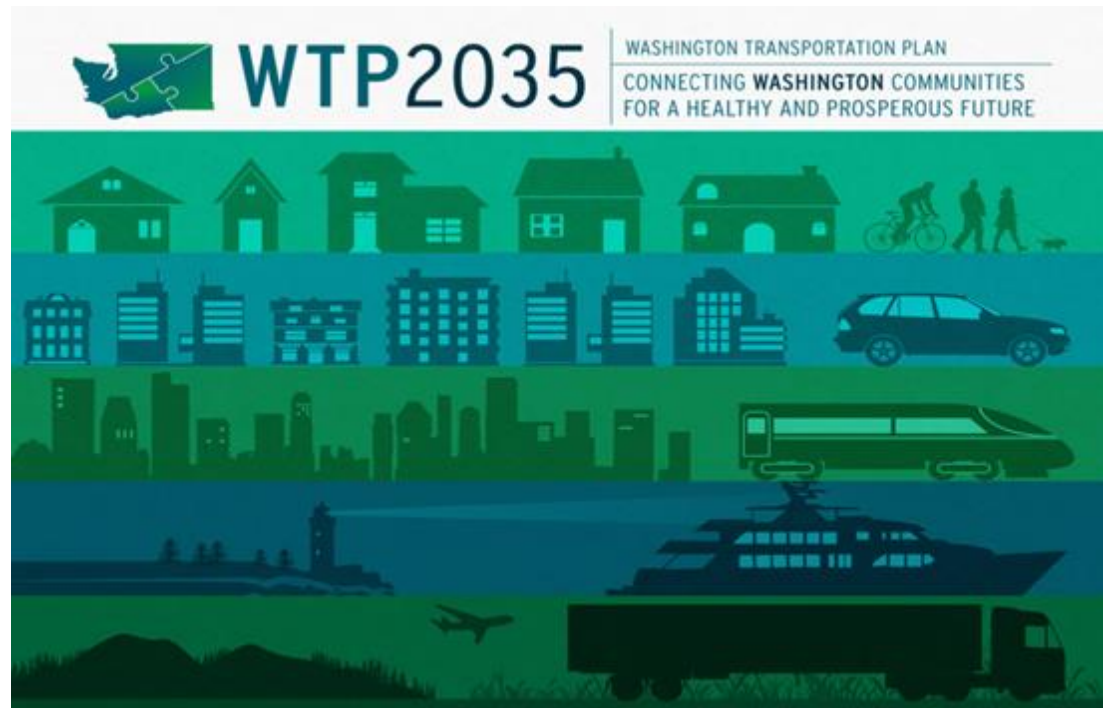
**The motor fuel tax is the largest component of state transportation funding.**

# Blueprint for the Future: The Washington Transportation Plan

A comprehensive and balanced statewide transportation plan.

RCW 47.04.280 sets forth six transportation policy goals:

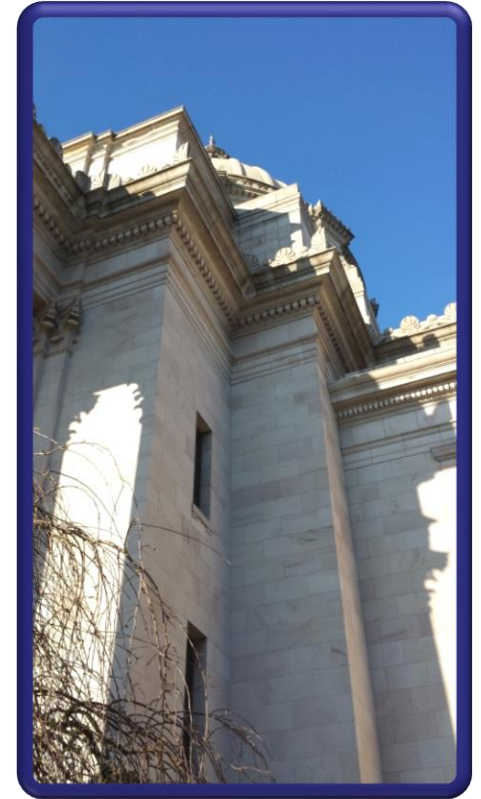
- ECONOMIC VITALITY
- PRESERVATION
- SAFETY
- MOBILITY
- ENVIRONMENT
- STEWARDSHIP





# WTP 2035 Strategies and Recommendations

- 25 broad strategies that are organized by policy goal.
- 102 specific recommendations to implement the strategies.
- Additional recommendations to strengthen the linkages between transportation and land use.
- Recommendations for delivering results:
  - Efficiencies and reforms;
  - Additional transportation revenue.



# WTP 2035 Key Messages

- Reliable, efficient freight movement is critical for jobs, balance of trade, and economic competitiveness.
- There is an important state role in planning and delivering multimodal transportation services and infrastructure, including public transportation:
  - key corridors
  - connecting communities
  - special needs transportation
- Secure, sustainable funding is needed to ensure the long-term preservation of existing infrastructure and to meet growing demand in many regions of the state.



# The Future: More Tolling Likely

## Supplement Gas Tax Revenue with Tolling

- Build a project
- Manage traffic
- Build a project and manage traffic
- Manage a transportation corridor

## Two additional toll facilities authorized

- SR 99 AWWV Replacement Tunnel.
- I-405 Express Toll Lanes.



# Tolling To Fund a Project



## Tacoma Narrows Bridge

Project Cost: \$735 million:

Toll Revenue makes bond payments and finances maintenance and operations.



Toll Rates for car (July 1, 2014)

*Good to Go:* \$4.50

*Cash:* \$5.50

*Pay by Mail:* \$6.50

Transit not exempt from tolls.



# Tolling To Manage Traffic

## SR 167 HOT Lane Pilot Project

- High Occupancy Toll (HOT) Lanes use dynamic tolling.
- Rates reflect current traffic in HOT and general purpose lanes.
- Speeds have increased by 11% in GP lanes.
- Average toll: Less than \$2.00.
- HOV & transit exempt from tolls.





# Tolling to Fund a Project and Manage Traffic

## SR 520 Replacement/HOV Lanes

- New floating bridge
- Extends HOV lanes from Redmond to I-5

Project Cost: \$4.2 billion

## Variable Tolling

- **Weekday Peak Car Toll Rates**  
(July 1, 2015)
  - *Good to Go!* \$3.90
  - Pay by Mail \$5.55
- No tolls 11 pm – 5 am
- Registered vanpools and transit are exempt from tolls



# The Road Usage Charge Emerges

**A road usage charge is a per mile fee drivers would pay for the use of the road system, rather than paying by the gallon of gas.**



# Road Usage Charge Assessment

## 2012 Legislature directs:

- Transportation Commission to **assess the feasibility** of transitioning from the fuel tax to a road usage charge – informed by a stakeholder steering committee.



**OUTCOME:** Road usage charging is feasible; identified a laundry list of policy and fiscal issues to be resolved.

## 2013 Legislature directs:

- Transportation Commission to **evaluate the business case** for road usage charging – with ongoing guidance from the steering committee.



**OUTCOME:** The business case for road usage charging was made; a policy framework was developed.

# Road Usage Charge Assessment

## 2014 Legislature directed:

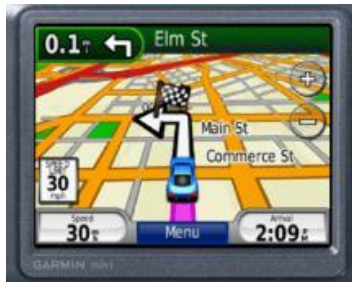
- Transportation Commission to **develop a work plan** that: refines & advances the policy analysis; develops a concept of operations; and conducts a financial analysis of the concept of operations. Steering committee continues in its role.
- **Washington DOT to work with other western region states** on interstate travel/ interoperability.
- **State Treasurer to assess implications** of replacing or modifying the gas tax.

## **OUTCOME:**

- Transportation Commission recommends demonstration project to test road usage charge approaches, operations, and customer interaction.
- WSDOT reports on how interstate travel under a RUC could function.
- State Treasurer notes caution around elimination of gas tax and the role a road usage charge could play in our state financing.

## 2015 Legislature reviewing findings and recommendations.

# Operational Concepts Assessed



We have focused on four operational concepts to assess a road usage charge system:

- **Time Permit:** A flat fee to drive an unlimited number of miles for a given period of time (month or year).
- **Odometer Charge:** A per-mile charge measured by odometer readings.
- **Automated Distance Charge:** A per-mile charge measured by in-vehicle technology that can distinguish between in-state and out-of-state travel with periodic billing.
- **Smart Phone Application:** A smartphone application would be used for total mileage collection.



# Tell Us What You Think

[voiceofwashingtonsurvey.org](http://voiceofwashingtonsurvey.org)



- The Voice of Washington State survey (VOWS) collects statistically valid data and opinions from people across the state, sorted by region.
- Over 28,000 people participate.
- The Commission also surveys ferry riders to help inform the level of service, pricing, planning and operational decisions for Washington State Ferries.

[www.ferryridersopiniongroup.com](http://www.ferryridersopiniongroup.com)

Thank you!  
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